

Information newsletter to employers from the Department of Public Health and Human Services
Child Support Enforcement Division (CSED)

Dear Montana Employer:

We at the Child Support Enforcement Division strongly value our relationship with Montana employers. We want to provide you with the most current information as to your rights and responsibilities as employers with regard to child support laws. We hope the information contained in this newsletter is helpful to you.

As you may be aware, Congress enacted the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) in August, 1996. This edition of our WAGES newsletter, which is being sent to all Montana employers, explains some of the laws the Montana Legislature enacted to comply with PRWORA. One law allows other state child support agencies to send withholding orders directly to Montana employers; another law requires employers to report new hires within 20 days; and a third shortens the time frames for employer withholding of child support payments. With the exception of new hire reporting, many of these laws will not impact Montana employers unless the employer has received an Order to Withhold payments for child support.

You may wonder why employers play such a crucial role in child support enforcement. The answer is that government cannot do the job alone. Over the years, national studies have identified new hire reporting and income withholding as cornerstones of an effective child support enforcement program. The new hire reporting program will provide information to enable the CSED to locate alleged fathers for paternity establishment purposes when children are born out of wedlock, and will help locate both fathers and mothers who owe a duty of support to their children. Once paternity is determined, a child support order can be issued and, if the parent owing support remains employed, support can be collected through employer withholding. Regular support through employer withholding helps move families off welfare and helps them maintain financial self-sufficiency. Parents who are required to pay support through withholding are not necessarily delinquent in their responsibility, but withholding ensures greater consistency for children and often prevents delinquencies from ever occurring.

Last fiscal year ended June 30, 1997, the CSED and our employer-partners collected nearly \$40 million on behalf of Montana children. We'd like to extend our wholehearted appreciation to you- as a Montana employer- for your contribution to this important mission. *THANK YOU!*

Sincerely,



Mary Ann Wellbank, Administrator

Receipt of Foreign Income Withholding Orders

Montana employers have seen an increase in the number of income withholding or wage garnishment orders they receive from other states' courts or child support enforcement agencies (hereafter referred to as "foreign"). Although issuance of income withholding orders to out-of-state employers has always been an available child support enforcement tool when the court or agency has jurisdiction over the employer, the adoption of the Uniform Interstate Family Support Act (UIFSA), with its Direct Withholding Provision, has resulted in a nationwide increase in this practice.

UIFSA is a uniform act that all states are required to adopt by January 1, 1998 to comply with the federal welfare reform bill. One provision of that act allows either the state child support agency or a court to issue an income withholding order directly to a foreign state employer. The goal of direct income withholding is efficiency and speed of collection. The direct income withholding provision is effective in Montana on October 1, 1997.

It is also important to note that an income withholding order from the Montana Department of Public Health and Human Services (DPHHS), Child Support Enforcement Division (CSED) takes priority over any other income withholding order (including an order issued by a private entity or another state for the collection of child support) per Montana Code Annotated (MCA) §40-5-423. The federal welfare reform bill also requires the federal Department of Health and Human Services to adopt a form for the collection of child support through income withholding which all state child support agencies will be required to use for interstate cases. However, you may still receive income withholding orders from other states' courts or agencies which are not required to use the form.

If an employer receives a foreign income withholding order for an employee or payee, the employer must provide a copy of the order to the employee/payee. Employers or payors can also contact the CSED to determine whether the foreign income withholding order was issued by the appropriate authority. Employers are required to withhold the funds as directed in the income withholding order per MCA §40-5-157 and forward those monies as directed. The 1997 Montana Legislature also gave Montana employers the option to send foreign income withholding money collected to the Montana CSED to process and pass on to the other state. If an employer elects to send the foreign income withholding money collected to the Montana CSED for processing, the following procedures should be followed:



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- ◆ Fax or send a copy of the foreign income withholding order to CSED immediately so that a "pass through" case can be established. (Montana DPHHS, CSED, 3075 North Montana Avenue, P.O. Box 202943, Helena, MT 59620-2943, FAX (406) 444-1370).
- ◆ List full name of employee/payee, Social Security number, issuing state's case number, complete address of where the order directs payments are to be sent, name and phone number of other state's contact person.
- ◆ Attach a copy of the foreign income withholding order to the first check mailed to CSED under this process.
- ◆ You may combine the amounts withheld on foreign orders with other Montana CSED withholding payments. If you do so, please identify which amount goes to the other state foreign order and which amount goes to the Montana CSED order.

Income Withholding Law Changes and Duties of a Payor

Effective July 1, 1997, an employer or payor who has been served with a Child Support Enforcement Division (CSED) order to withhold is required to begin the income withholding no later than the first pay period that occurs after the service of the order. Employers must also continue regular withholding every payday until receipt of an Order to Modify/Terminate from the CSED. Employers or payors are also required to send all income withholding payments **within seven (7) working days** after the date the income is withheld from the employee's check to the CSED. This includes all income withholding orders received before the law changed on July 1, 1997, per Montana Code Annotated (MCA) §40-5-421.

If you have received more than one order to withhold for an employee, you must comply with the orders in the sequence in which they were served upon you. Additionally, you must honor all withholding orders to the extent that the total amount withheld from the employee's wages or salary does not exceed the limits set in MCA §40-5-416. Montana income withholding orders take priority over foreign income withholding orders. Income withholding or wage garnishment orders employers receive from other states' courts or child support enforcement agencies are hereafter referred to as "foreign".

When requested in writing, MCA §40-5-443 requires employers to provide the CSED or any other state child support agency, the following employee information if known: last known residential address; Social Security number; dates of employment or union membership; amounts of wages, salaries, commissions, contract proceeds, and other earnings or amounts paid; whether health insurance coverage is or was available through the payor or union; and names, telephone numbers, and addresses of current and former employers, payors and unions. Employers who disclose information to the CSED or other child support agency are exempt from

any liability to the employee that may result from the disclosure. If an employer fails to disclose this information, the employer may be subject to sanctions. Employers must also promptly notify the CSED of an employee's termination or separation from employment and provide the employee's last known address, and name and address of the employee's new employer or other source of income, if known.

Employers who have been served with an order to withhold must retain the order on file so that if the employee returns to work in the future, the employer can begin income withholding at once.

IV-D Child Support Enforcement Agencies and Private Collection Agencies

With the passage of Senate Bill 374, Chapter 552, Laws of 1997, Montana employers will receive more foreign income withholding orders from other states and private collection agencies collecting child support. Employers questioning whether the foreign (other states' courts or child support enforcement agency) income withholding order is legitimate can contact the Montana CSED for confirmation, the employer can also contact the agency sending the order to withhold, to ask if the agency is a IV-D agency or a private collection agency. "IV-D" refers to provisions of Title IV-D of the Social Security Act and the regulations promulgated under the act. Child support agencies work under Title IV-D of the Social Security Act, 42 USC 651 et seq.

Custodial parents have the option of contracting with private child support collection agencies to enforce their child support orders. These collection agencies do not work under the Title IV-D umbrella. MCA §40-5-423 provides that an income withholding order issued by the Montana CSED (IV-D agency) takes priority over any:

- 1) wage or income deduction order under any other state law and any income-withholding order issued in another state and sent to a payor in this state;
- 2) voluntary or involuntary assignment of wages;
- 3) other voluntary deductions from the employee's income;
- 4) levies, writs of execution, or garnishments of the employee's income; and
- 5) any other claims by creditors.

Therefore, an income withholding order issued by the Montana CSED takes priority over any other order issued by a Montana court, other state's court or IV-D (child support agency), or a private collection agency from Montana or another state, even if that order is also for the collection of child support.

If you have any questions about a foreign income withholding order, please call the DPHHS, CSED Customer Service Unit at (406) 442-7278 from the local Helena calling area or out-of-state and 1-800-346-5437 from all other Montana locations.

State of Montana
Department of Public Health & Human Services
Child Support Enforcement Division
Wage Withholding Unit
P. O. Box 8001
Helena, MT 59604-8001

FROM:

(Company Name)

Make check or money order payable to:

Child Support Enforcement Division or CSED

INFORM 997.FRM

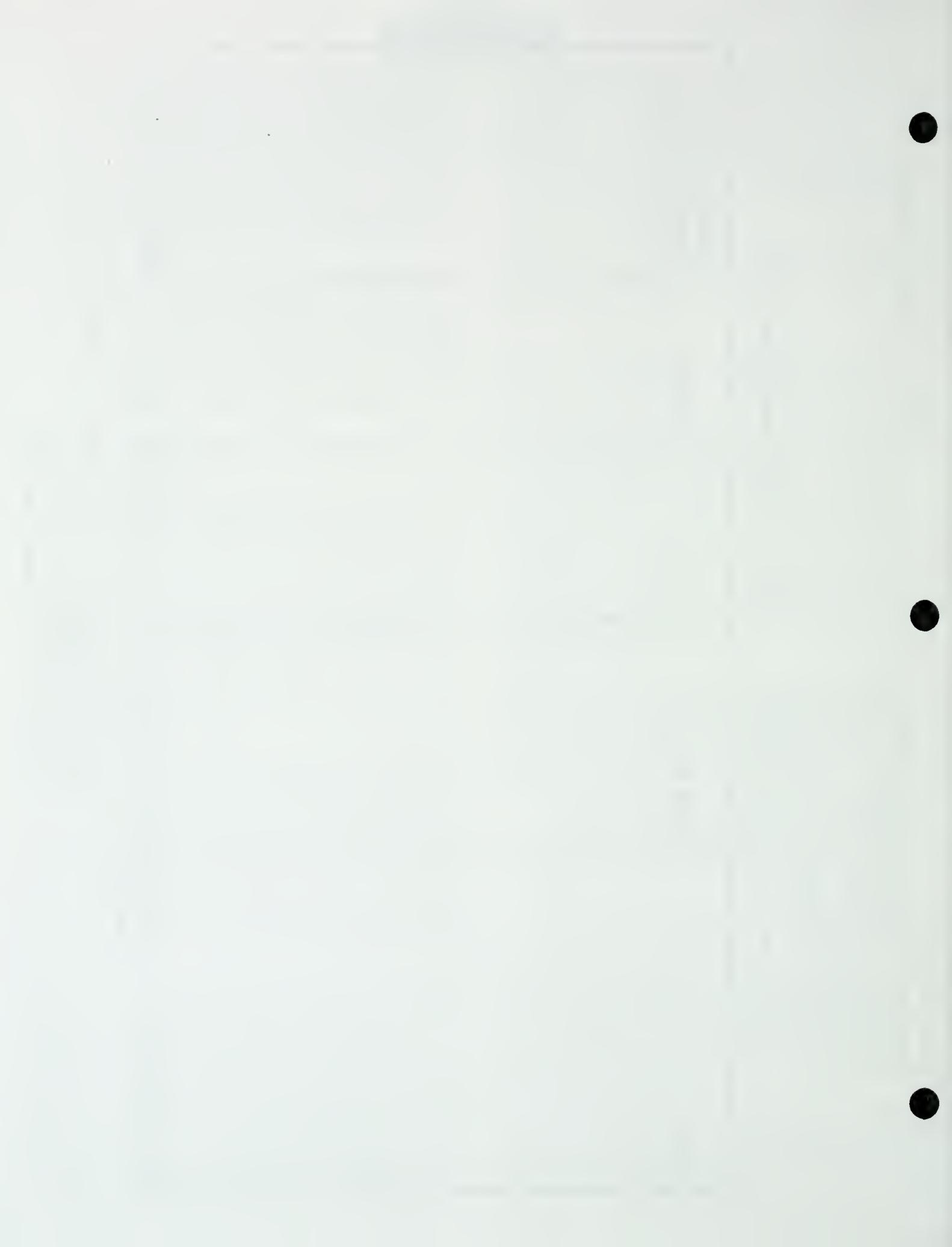
(Use back of form if necessary)

Example: MT-CSED (Montana CI)
ID-Clerk of Ct. (Idaho)

* write in name of the ordering State's court or Child Support Agency

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** DOC-Date of Collection is date money was withheld from the employee's pay check



New Hire Reporting Law

The federal government has mandated all states operate State Directory of New Hires (SDNH). Effective October 1, 1997, Montana's New Hire Reporting (NHR) law goes into effect. Enclosed with the WAGES Newsletter is a NHR brochure with responses to frequently asked questions about new hire reporting, reporting options, and critical time frames. Also included is the format for electronic reporting of new hires and a preprinted NHR form to make employer reporting easier. Employers who use the NHR form will also help save the state of Montana money by using the form. **Please note: this form is not required to be used by employers but is encouraged.** The NHR form can be faxed or mailed to the Montana NHR Program and is a scanable form.

Required NHR information:

Employee's name
Date of hire
Social Security number
Residential and mailing addresses

Employer's name
Address
Federal Employer Identification Number (FEIN)

Montana is working on offering employers a variety of reporting methods, some of which are: 1-800 number to report new hires; 1-800 facsimile; Electronic Data Interchange (EDI); preprinted scanable Montana NHR form; magnetic tape media; 1st class mailing; copy of a completed W-4 form or; any other paper form submitted by an employer. The majority of the information you will be submitting is already being collected when a new employee completes a W-4 form.

Employers are required to report all new hires or rehirings within 20 days of the date of hire or rehire. If you provide health or medical insurance coverage for an employee and the coverage may be extended to the employee's children, you may provide that information as part of the NHR. Employers may also include the employee's date of birth.

Reports transmitted electronically or magnetically may be made by two monthly transmissions, not less than 12 or more than 16 days apart. An employer who has employees in two or more states and who transmits NHRs electronically or magnetically may comply with this section by designating one of the states in which there is an employee and transmitting the report of all new hires to that state. A multistate employer who elects to report to only one state needs to give written notice to the Secretary of the federal Department of Health and Human Services of the state to which the employer will transmit new hire reports.

NHR can decrease the tax burden needed to fund state programs and benefits all state residents. Montana Employment Security and Workers' Compensation programs will have access to Montana's NHR

information to detect and prevent erroneous and fraudulent benefit payments. In addition, Montana's public assistance and Medicaid programs will conduct cross matches to determine eligibility, continued eligibility, or fraud.

NOTE: An employer who provides information to the NHR Program is exempt from any liability to the employee that may result from the disclosure.

What is "Date Of Collection" for Child Support Purposes?

Under federal regulation, the Montana Department of Public Health and Human Services, Child Support Enforcement Division (CSED) is required to record the correct Date Of Collection(s) (DOC) withheld for child support. We are asking employers to tell the CSED the actual date the employee's child support payment was withheld from the employee's wages. In most cases, the DOC will be the date you paid your employee. The correct date is very important because it may have an effect on the amount of money a family receives. The correct date also lets the CSED determine if the collection is for the previous month or the current month. **Reporting the correct collection date can eliminate CSED calling you for this information.** Employers are encouraged to place only one date on the information being sent to CSED and be sure to label this as the **DOC**. Please clearly mark the DOC for proper payment processing.

IMPORTANT: When sending in your withholding payments, be sure to include:

- A. Name of employee (if common name, please include middle initial);
- B. Social Security number and PAR ID number of the employee on the Order to Withhold Income;
- C. Date of collection (the date the money is taken from the employee's check); and
- D. Amount withheld from the employee's check.

If you withhold payments for several employees, you can write one check for the total amount. This will save you the expense of writing one check for each employee's child support withholding. Please include with the payment a list containing all of the information shown above (A, B, C, D). Enclosed is a revised income withholding form (IWFORM997.FRM) that can be used when sending payments for multiple or single employee reporting. Please discard old income withholding forms (IWFORM/9/96). Make the check payable to the Child Support Enforcement Division, Wage Withholding Unit, P.O. Box 8001, Helena, MT 59604-8001. If you have questions, please call our Customer Service Unit at 1-800-346-5437 or (406) 442-7278 (Helena or out-of-state). **All income withholding payments are due to the Montana CSED within seven (7) working days after the DOC.**

Local Child Support Offices

Region 8 - Interstate Region
P.O. Box 202943
Helena MT 59620-2943
(406) 442-7278 - Out of State/Helena area
(800) 346-5437

Region 2 - Great Falls
Southside Plaza, Suite D
219 5th Street South
Great Falls MT 59405
(406) 442-7278 - Out of State/Helena area
(800) 346-5437

Region 3 - Billings
2121 Rosebud Drive, Suite E
Billings MT 59102
(406) 442-7278 - Out of State/Helena area
(800) 346-5437

Region 4 - Butte
17 West Galena
Butte MT 59102
(406) 442-7278 - Out of State/Helena area
(800) 346-5437

Region 5 - Missoula
1610 South 3rd West, Suite 201
Missoula MT 59801
(406) 442-7278 - Out of State/Helena area
(800) 346-5437

Child Support Enforcement Acronym

CSED	Child Support Enforcement Division
CSU	Customer Service Unit
DOC	Date of Collection
DPHHS	Department of Public Health and Human Services
FEIN	Federal Employer Identification Number
MCA	Montana Code Annotated
NHR	New Hire Reporting
PAR ID	Participant Identification (located on all Orders to Withhold Income and Orders to Modify/Terminate Income Withholding)
SDNH	State Directory of New Hires
SSN	Social Security Number
UIFSA	Uniform Interstate Family Support Act
USC	United States Code
WAGES	Withholding and Guidance for Enforcement of Support

The Montana Department of Public Health and Human Services, Child Support Enforcement Division, attempts to provide reasonable accommodations for any known disability that may interfere with a person participating in any service, program or activity of the department. Alternative accessible formats of this document will be provided upon request. For more information, call (406) 442-7278 or TDD (406) 442-7243.

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Department of Public Health & Human Services

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